

2018 TRENDING AND EQUALIZATION OF PORTER COUNTY

This document summarizes the method and procedures used to complete the 2018 Annual Adjustment for Porter County. This document is intended to provide a reasonable explanation as to how this task was completed.

Overview

In most areas in Porter County sales are rising. The residential market is selling like before the housing market crash. The inventory of houses for sale is very low. There is also a lot of new construction and most of the new construction is sold before being built. We are seeing things sell in less than a week and for more than the listing price in some areas. We had a new land order in 2017 and decided at that point that we would not trend land, only the improvements. Our LCM went down another 3% for 2018. It was hard to trend some rural areas due to the fact they are experiencing a lot of sheriff sales and foreclosures. Each sale in this study has been scrutinized for validity, sometimes more than once, using information derived from sales disclosures, field visits, MLS, and verification letters. Each sale meets the 5 criteria for a good sale. Sales that were sent back in the sales file that are not used are listed on a tab marked Validity. We have gone through the reconciliation worksheet and checked to make sure we are using all valid sales.

Improved Residential

Neighborhoods were grouped using those with similar year built and price point. We combined many neighborhoods into market areas and compared others. There were a few areas that did not show an obvious pattern and were left out of the trending study but that had a factor applied for the workbook. There were many neighborhoods that had more than 5 sales but the COD was too low to trend them separately. There were a few new neighborhoods that were not trended as they did not have 5 sales yet. Center Township was again the hot market. It is selling quickly and most times at or above asking price. Inventory of homes for sale in Center is very limited and most are selling in less than 2 weeks. New construction inventory is the same. Most times it is sold before it is done being built. Some of the townships that are in the southern part of the county had a lot of foreclosures and sheriff sales. This made it very difficult to trend these areas. Some markets or neighborhoods were combined to meet the IAAO standards for trending.

Vacant Residential

In 2017 we had a new Land order. We did not trend the vacant residential. Most vacant residential properties are being sold to builders at a reduced price or are traded between developers. We also are seeing a new trend of selling just the completed house and not selling the land separately. This seems to be happening increasingly more in Porter County. We also have some vacant land in the upscale neighborhoods that are selling at a major discount to get rid of the scattered inventory or remaining

lots. A majority of properties that are not sold to a builder/developer were previously agricultural and therefore cannot be used in the study.

Improved Commercial & Industrial

There are 37 improved commercial and industrial sales included in our ratio study for 2018. We are seeing increased number of sales that include business value or franchise value in the sales price that is not broken out at the time of the sale. There were not enough sales to group any townships together. Portage and Center did not have enough sales to breakout and trend any one property class/market/area. Older properties had very low sales ratios and newer areas had higher ratios but not enough to say there is a trend. IAAO standards could not be met therefore improved was not trended for 2018. There are only 4 industrial sales therefore Industrial was not trended.

Vacant Commercial and Industrial

There are not enough commercial or industrial vacant sales to properly calculate a trending factor. We decided at the implantation of the new land order last year that we would trend only the improvement of properties. Industrial land had only 2 valid industrial sales. Commercial had 22 vacant sales but not enough in any one neighborhood/market to trend.

Conclusion

We feel confident that there were enough sales to adequately calculate factors for improved residential. We did not trend residential or commercial land instead relying on the new land order from last year and trending only the improvements. The lowering of our LCM again by another 3% made it harder to trend this year. We also have decided to only trend our improvements and not trend land values. In the past we trended both land and improvements. We felt that not changing the land unless there is one market or neighborhood selling at a higher value helped the taxpayers understand the trending process a little more.